UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2020

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________to ___________

Commission File Number 0-422

MIDDLESEX WATER COMPANY

(Exact name of registrant as specified in its charter)

New Jersey	**22-1114430**
(State of incorporation)	(IRS employer identification no.)

485C Route One South, Iselin, New Jersey 08830
(Address of principal executive offices, including zip code)

(732) 634-1500
(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	MSEX	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, non-accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐
Smaller reporting company ☐		Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ☐ No ☒

The number of shares outstanding of each of the registrant's classes of common stock, as of October 29, 2020: Common Stock, No Par Value: 17,469,410 shares outstanding.

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MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Operating Revenues	**$ 39,920**	$ 37,769	**$ 106,965**	$ 101,859
Operating Expenses:				
Operations and Maintenance	**17,949**	17,669	**52,761**	50,569
Depreciation	**4,721**	4,246	**13,798**	12,415
Other Taxes	**4,073**	3,871	**11,318**	10,913
Total Operating Expenses	**26,743**	25,786	**77,877**	73,897
Operating Income	**13,177**	11,983	**29,088**	27,962
Other Income (Expense):				
Allowance for Funds Used During Construction	**953**	871	**2,871**	2,030
Other Income (Expense), net	**444**	(4)	**1,164**	(142)
Total Other Income, net	**1,397**	867	**4,035**	1,888
Interest Charges	**1,906**	1,996	**5,521**	4,984
Income before Income Taxes	**12,668**	10,854	**27,602**	24,866
Income Taxes	**(69)**	(265)	**(2,516)**	(952)
Net Income	**12,737**	11,119	**30,118**	25,818
Preferred Stock Dividend Requirements	**30**	30	**90**	102
Earnings Applicable to Common Stock	**$ 12,707**	$ 11,089	**$ 30,028**	$ 25,716
Earnings per share of Common Stock:				
Basic	**$ 0.73**	$ 0.67	**$ 1.72**	$ 1.56
Diluted	**$ 0.72**	$ 0.66	**$ 1.71**	$ 1.55
Average Number of Common Shares Outstanding:				
Basic	**17,466**	16,610	**17,455**	16,520
Diluted	**17,581**	16,757	**17,570**	16,673

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands)

ASSETS		September 30, 2020	December 31, 2019
UTILITY PLANT:	Water Production	$ **165,010**	$ 160,870
	Transmission and Distribution	**625,746**	556,517
	General	**83,606**	83,043
	Construction Work in Progress	**73,340**	75,520
	TOTAL	**947,702**	875,950
	Less Accumulated Depreciation	**181,661**	170,220
	UTILITY PLANT - NET	**766,041**	705,730
CURRENT ASSETS:	Cash and Cash Equivalents	**5,346**	2,230
	Accounts Receivable, net	**15,567**	11,908
	Unbilled Revenues	**8,823**	7,183
	Materials and Supplies (at average cost)	**4,762**	5,445
	Prepayments	**3,369**	2,367
	TOTAL CURRENT ASSETS	**37,867**	29,133
AND OTHER ASSETS:	Operating Lease Right of Use Asset	**5,390**	5,944
	Preliminary Survey and Investigation Charges	**3,307**	2,054
	Regulatory Assets	**112,176**	110,479
	Restricted Cash	**22,841**	44,269
	Non-utility Assets - Net	**10,845**	10,370
	Other	**1,367**	1,899
	TOTAL DEFERRED CHARGES AND OTHER ASSETS	**155,926**	175,015
	TOTAL ASSETS	$ **959,834**	$ 909,878
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock, No Par Value	$ **216,866**	215,125
	Retained Earnings	**125,240**	108,667
	TOTAL COMMON EQUITY	**342,106**	323,792
	Preferred Stock	**2,084**	2,084
	Long-term Debt	**234,489**	230,777
	TOTAL CAPITALIZATION	**578,679**	556,653
CURRENT LIABILITIES:	Current Portion of Long-term Debt	**7,239**	7,178
	Notes Payable	**36,500**	20,000
	Accounts Payable	**24,860**	23,306
	Accrued Taxes	**10,642**	7,635
	Accrued Interest	**1,937**	2,031
	Unearned Revenues and Advanced Service Fees	**1,311**	1,211
	Other	**2,865**	3,620
	TOTAL CURRENT LIABILITIES	**85,354**	64,981
COMMITMENTS AND CONTINGENT LIABILITIES (Note 7)			
DEFERRED CREDITS AND OTHER LIABILITIES:	Customer Advances for Construction	**25,100**	23,905
	Lease Obligations	**5,214**	5,732
	Accumulated Deferred Income Taxes	**58,970**	54,408
	Employee Benefit Plans	**33,310**	34,671
	Regulatory Liabilities	**62,979**	69,152
	Other	**2,432**	2,546
	TOTAL DEFERRED CREDITS AND OTHER LIABILITIES	**188,005**	190,414
CONTRIBUTIONS IN AID OF CONSTRUCTION		**107,796**	97,830
	TOTAL CAPITALIZATION AND LIABILITIES	$ **959,834**	$ 909,878

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended September 30, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	**$ 30,118**	$ 25,818
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	**15,595**	12,858
Provision for Deferred Income Taxes and Investment Tax Credits	**(10,991)**	(8,379)
Equity Portion of Allowance for Funds Used During Construction (AFUDC)	**(1,789)**	(1,330)
Cash Surrender Value of Life Insurance	**(166)**	(187)
Stock Compensation Expense	**820**	409
Changes in Assets and Liabilities:		
Accounts Receivable	**(3,659)**	(1,645)
Unbilled Revenues	**(1,640)**	(2,124)
Materials & Supplies	**683**	252
Prepayments	**(1,002)**	(933)
Accounts Payable	**1,554**	853
Accrued Taxes	**3,007**	(2,098)
Accrued Interest	**(94)**	(490)
Employee Benefit Plans	**1,234**	(640)
Unearned Revenue & Advanced Service Fees	**100**	12
Other Assets and Liabilities	**3,520**	972
NET CASH PROVIDED BY OPERATING ACTIVITIES	**37,290**	23,348
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility Plant Expenditures, Including AFUDC of $1,082 in 2020, $700 in 2019	**(70,785)**	(61,220)
NET CASH USED IN INVESTING ACTIVITIES	**(70,785)**	(61,220)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of Long-term Debt	**(6,391)**	(6,315)
Proceeds from Issuance of Long-term Debt	**10,319**	82,446
Net Short-term Bank Borrowings	**16,500**	10,000
Deferred Debt Issuance Expense	**(41)**	(754)
Common Stock Issuance Expense	**(37)**	(22)
Proceeds from Issuance of Common Stock	**921**	12,449
Payment of Common Dividends	**(13,418)**	(11,893)
Payment of Preferred Dividends	**(90)**	(102)
Construction Advances and Contributions-Net	**7,420**	3,480
NET CASH PROVIDED BY FINANCING ACTIVITIES	**15,183**	89,289
NET CHANGES IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	**(18,312)**	(51,417)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	**46,499**	5,661
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	**$ 28,187**	$ 57,078
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:		
Utility Plant received as Construction Advances and Contributions	**$ 3,747**	$ 5,375
Long term Debt Deobligation	**$ -**	$ 130
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash Paid During the Year for:		
Interest	**$ 5,834**	$ 5,929
Interest Capitalized	**$ 1,082**	$ 700
Income Taxes	**$ 1,783**	$ 6,752

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CAPITAL STOCK AND LONG-TERM DEBT
(Unaudited)
(In thousands)

	September 30, 2020	December 31, 2019
Common Stock, No Par Value		
Shares Authorized - 40,000		
Shares Outstanding - 2020 - 17,469; 2019 - 17,434	**$ 216,866**	$ 215,125
Retained Earnings	**125,240**	108,667
TOTAL COMMON EQUITY	**$ 342,106**	$ 323,792
Cumulative Preferred Stock, No Par Value:		
Shares Authorized - 120		
Shares Outstanding - 2020 - 20: 2019 - 20		
Convertible:		
Shares Outstanding, $7.00 Series - 10	**$ 1,005**	$ 1,005
Nonredeemable:		
Shares Outstanding, $7.00 Series - 1	**79**	79
Shares Outstanding, $4.75 Series - 10	**1,000**	1,000
TOTAL PREFERRED STOCK	**$ 2,084**	$ 2,084
Long-term Debt:		
8.05%, Amortizing Secured Note, due December 20, 2021	**$ 415**	$ 643
6.25%, Amortizing Secured Note, due May 19, 2028	**3,220**	3,535
6.44%, Amortizing Secured Note, due August 25, 2030	**2,777**	2,987
6.46%, Amortizing Secured Note, due September 19, 2031	**3,057**	3,267
4.22%, State Revolving Trust Note, due December 31, 2022	**147**	175
3.60%, State Revolving Trust Note, due May 1, 2025	**1,288**	1,405
3.30% State Revolving Trust Note, due March 1, 2026	**266**	309
3.49%, State Revolving Trust Note, due January 25, 2027	**307**	349
4.03%, State Revolving Trust Note, due December 1, 2026	**419**	446
4.00% to 5.00%, State Revolving Trust Bond, due August 1, 2021	**4**	60
0.00%, State Revolving Fund Bond, due August 1, 2021	**11**	50
3.64%, State Revolving Trust Note, due July 1, 2028	**203**	214
3.64%, State Revolving Trust Note, due January 1, 2028	**66**	69
3.45%, State Revolving Trust Note, due August 1, 2031	**793**	851
6.59%, Amortizing Secured Note, due April 20, 2029	**2,994**	3,255
7.05%, Amortizing Secured Note, due January 20, 2030	**2,333**	2,521
5.69%, Amortizing Secured Note, due January 20, 2030	**4,786**	5,171
4.45%, Amortizing Secured Note, due April 20, 2040	**8,617**	8,946
4.47%, Amortizing Secured Note, due April 20, 2040	**3,197**	3,320
3.75%, State Revolving Trust Note, due July 1, 2031	**1,765**	1,829
2.00%, State Revolving Trust Note, due February 1, 2036	**960**	1,013
2.00%, State Revolving Trust Note, due November 1, 2038	**1,579**	1,309
3.75%, State Revolving Trust Note, due November 30, 2030	**919**	955
0.00% Construction Loans	**50,536**	40,467
First Mortgage Bonds:		
0.00%, Series BB, due August 1, 2021	**119**	241
4.00% to 5.00%, Series CC, due August 1, 2021	**164**	331
0.00%, Series EE, due August 1, 2023	**1,036**	1,456
3.00% to 5.50%, Series FF, due August 1, 2024	**1,870**	2,440
0.00%, Series GG, due August 1, 2026	**542**	632
4.00% to 5.00%, Series HH, due August 1, 2026	**620**	710
0.00%, Series II, due August 1, 2024	**338**	429
3.40% to 5.00%, Series JJ, due August 1, 2027	**500**	588
0.00%, Series KK, due August 1, 2028	**719**	807
5.00% to 5.50%, Series LL, due August 1, 2028	**846**	928
0.00%, Series MM, due August 1, 2030	**937**	1,037
3.00% to 4.375%, Series NN, due August 1, 2030	**1,105**	1,190
0.00%, Series OO, due August 1, 2031	**1,655**	1,806
2.00% to 5.00%, Series PP, due August 1, 2031	**600**	660
5.00%, Series QQ, due October 1, 2023	**9,915**	9,915
3.80%, Series RR, due October 1, 2038	**22,500**	22,500
4.25%, Series SS, due October 1, 2047	**23,000**	23,000
0.00%, Series TT, due August 1, 2032	**1,806**	1,957
3.00% to 3.25%, Series UU, due August 1, 2032	**705**	755
0.00%, Series VV, due August 1, 2033	**1,861**	2,004
3.00% to 5.00%, Series WW, due August 1, 2033	**715**	755
0.00%, Series XX, due August 1, 2047	**10,247**	10,627
3.00% to 5.00%, Series YY, due August 1, 2047	**3,710**	3,785
0.00%, Series 2018A, due August 1, 2047	**6,247**	6,678

		September 30, 2020		December 31, 2019
3.00% to 5.00%, Series 2018B, due August 1, 2047		**2,210**		2,320
4.00%, Series 2019A, due August 1, 2059		**32,500**		32,500
5.00%, Series 2019B, due August 1, 2059		**21,200**		21,200
SUBTOTAL LONG-TERM DEBT		**238,326**		234,397
Add: Premium on Issuance of Long-term Debt		**7,766**		8,064
Less: Unamortized Debt Expense		**(4,364)**		(4,506)
Less: Current Portion of Long-term Debt		**(7,239)**		(7,178)
TOTAL LONG-TERM DEBT	$	**234,489**	$	230,777

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands)

	Common Stock Shares		Common Stock Amount		Retained Earnings		Total
For the Three Months Ended September 30, 2019							
Balance at July 1, 2019	16,554	$	165,138	$	98,146	$	263,284
Net Income	—		—		11,119		11,119
Dividend Reinvestment & Common Stock Purchase Plan	92		5,368		—		5,368
Restricted Stock Award, Net - Employees	1		172		—		172
Shares Forefeited	(18)		(466)		—		(466)
Conversion of $8.00 Convertible Preferred Stock	41		350		—		350
Cash Dividends on Common Stock ($0.2400 per share)	—		—		(3,987)		(3,987)
Cash Dividends on Preferred Stock	—		—		(30)		(30)
Common Stock Expenses	—		—		(15)		(15)
Balance at September 30, 2019	16,670	$	170,562	$	105,233	$	275,795
For the Nine Months Ended September, 2019							
Balance at January 1, 2019	16,403	$	157,354	$	91,433	$	248,787
Net Income	—		—		25,818		25,818
Dividend Reinvestment & Common Stock Purchase Plan	222		12,449		—		12,449
Restricted Stock Award, Net - Employees	18		679		—		679
Stock Award - Board Of Directors	4		196		—		196
Shares Forefeited	(18)		(466)		—		(466)
Conversion of $8.00 Convertible Preferred Stock	41		350		—		350
Cash Dividends on Common Stock ($0.7200 per share)	—		—		(11,893)		(11,893)
Cash Dividends on Preferred Stock	—		—		(102)		(102)
Common Stock Expenses	—		—		(23)		(23)
Balance at September 30, 2019	16,670	$	170,562	$	105,233	$	275,795
For the Three Months Ended September 30, 2020							
Balance at July 1, 2020	17,464	$	216,365	$	117,008	$	333,373
Net Income	—		—		12,737		12,737
Dividend Reinvestment & Common Stock Purchase Plan	5		313		—		313
Restricted Stock Award - Net - Employees	—		188		—		188
Cash Dividends on Common Stock ($0.2563 per share)	—		—		(4,475)		(4,475)
Cash Dividends on Preferred Stock	—		—		(30)		(30)
Balance at September 30, 2020	**17,469**	**$**	**216,866**	**$**	**125,240**	**$**	**342,106**
For the Nine Months Ended September 30, 2020							
Balance at January 1, 2020	17,434	$	215,125	$	108,667	$	323,792
Net Income	—		—		30,118		30,118
Dividend Reinvestment & Common Stock Purchase Plan	14		921		—		921
Restricted Stock Award - Net - Employees	17		575		—		575
Restricted Stock Award - Board Of Directors	4		245				245
Cash Dividends on Common Stock ($0.7688 per share)	—		—		(13,418)		(13,418)
Cash Dividends on Preferred Stock	—		—		(90)		(90)
Common Stock Expenses	—		—		(37)		(37)
Balance at September 30, 2020	**17,469**	**$**	**216,866**	**$**	**125,240**	**$**	**342,106**

See Notes to Condensed Consolidated Financial Statements.

MIDDLESEX WATER COMPANY
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation and Recent Developments

Middlesex Water Company (Middlesex or the Company) is the parent company and sole shareholder of Tidewater Utilities, Inc. (Tidewater), Tidewater Environmental Services, Inc. (TESI), Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy) Inc. (USA-PA), and Twin Lakes Utilities, Inc. (Twin Lakes). Southern Shores Water Company, LLC (Southern Shores) and White Marsh Environmental Systems, Inc. (White Marsh) are wholly-owned subsidiaries of Tidewater. The financial statements for Middlesex and its wholly-owned subsidiaries are reported on a consolidated basis. All significant intercompany accounts and transactions have been eliminated.

The consolidated notes within the 2019 Annual Report on Form 10-K (the 2019 Form 10-K) are applicable to these financial statements and, in the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary (including normal recurring accruals) to present fairly the financial position as of September 30, 2020, the results of operations for the three month and nine month periods ended September 30, 2020 and 2019 and cash flows for the nine month periods ended September 30, 2020 and 2019. Information included in the Condensed Consolidated Balance Sheet as of December 31, 2019, has been derived from the Company's audited financial statements for the year ended December 31, 2019 included in the 2019 Form 10-K.

Recent Developments

Novel Coronavirus (COVID-19) - On March 13, 2020, the United States declared the COVID-19 pandemic a national emergency. The impact on changing economic conditions due to COVID-19 is uncertain and could affect the Company's results of operations, financial condition and liquidity in the future. While the Company's operations and capital construction program have not been significantly disrupted to date from COVID-19, we are unable to assess with certainty the impact that COVID-19 will have on our business, our customers and our vendors prospectively, due to numerous uncertainties, including the severity of the pandemic, the duration of the outbreak and actions which could potentially be taken by governmental and/or regulatory authorities.

The New Jersey Board of Public Utilities (NJBPU) and the Delaware Public Service Commission (DEPSC) have allowed for potential future recovery of COVID-19 related incremental costs through customer rates by the regulated utilities under their respective jurisdictions. Neither jurisdiction has yet to establish a timetable or definitive method for formally providing for cost recovery. We will continue to monitor the COVID-19 situation and evaluate its impact on the Company's business, results of operations, financial condition and liquidity.

Contract Operations – In May 2020, USA, through a competitive bidding process, was awarded a ten-year, $8.3 million contract to operate and maintain the Borough of Highland Park, New Jersey's water and wastewater systems. The contract commenced July 1, 2020.

Recently Adopted Accounting Guidance

Credit Losses on Financial Instruments - The Financial Accounting Standards Board issued guidance on the measurement of credit losses on financial instruments, including trade receivables, which requires expected credit losses to be measured based on historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount of financial assets. The new guidance became effective January 1, 2020. For the Company, this applies primarily to accounts receivable and unbilled revenue balances. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

Expected credit losses on accounts receivable and unbilled revenues are based on historical write-offs combined with an evaluation of current conditions and reasonable and supportable forecasts. Customer accounts are written off when collection efforts have been exhausted.

There are no other new adopted or proposed accounting guidance that the Company is aware of that could have a material impact on the Company's financial statements.

Note 2 – Rate and Regulatory Matters

Middlesex – In March 2020, the NJBPU approved Middlesex's petition to reset its Purchased Water Adjustment Clause (PWAC) tariff rate to recover additional costs of $0.6 million for the purchase of treated water from a non-affiliated water utility regulated by the NJBPU. The new PWAC rate became effective on April 4, 2020. A PWAC is a rate mechanism that allows for recovery of increased purchased water costs between base rate case filings. It is reset to zero once those increased costs are included in base rates.

Tidewater - Effective July 1, 2020, Tidewater increased its DEPSC-approved Distribution System Improvement Charge (DSIC) rate, which is expected to generate revenue of approximately $0.5 million annually. A DSIC is a rate-mechanism that allows water utilities to recover investments in, and generate a return on, qualifying capital improvements made between base rate proceedings.

Southern Shores - Effective January 1, 2020, the DEPSC approved the renewal of a multi-year agreement for water service to a 2,200 unit condominium community in Sussex County, Delaware. Under the agreement, current rates will remain in effect until December 31, 2024, but should there be unanticipated capital expenditures or regulatory related changes in operating expenses exceeding certain thresholds during this time period, rates are permitted to be adjusted to reflect such cost changes. Thereafter, rate increases, if any, cannot exceed the lesser of the regional Consumer Price Index or 3%. The new agreement expires on December 31, 2029.

Twin Lakes - In March 2020, the Pennsylvania Public Utilities Commission (PAPUC) approved a $0.1 million increase in annualized base rates for Twin Lakes. In July 2019, Twin Lakes had filed a petition with the PAPUC seeking permission to increase annualized base rates by approximately $0.2 million, necessitated by capital infrastructure investments and increased operations and maintenance costs. The new rates became effective April 19, 2020.

COVID-19 - The NJBPU and the DEPSC have allowed for potential future recovery in customer rates of additional costs related to COVID-19 (for further discussion of the impact of COVID-19 on the Company, see *Note 1- Basis of Presentation and Recent Developments, Recent Developments*).

Note 3 – Capitalization

Common Stock - During the nine months ended September 30, 2020 and 2019, there were 14,223 common shares (approximately $0.9 million) and 221,558 common shares ($12.4 million), respectively, issued under the Middlesex Water Company Investment Plan (the Investment Plan). In January 2019, the Company had activated a limited share purchase discount feature of the Investment Plan. A 5% discount was available until August 2019, when the 0.2 million share purchase limit was reached and the discount feature terminated.

Long-term Debt - Subject to regulatory approval, the Company periodically issues long-term debt to fund its investments in utility plant. To the extent possible, the Company finances qualifying capital projects under State Revolving Fund (SRF) loan programs in New Jersey and Delaware. These government programs provide financing at interest rates that are typically below rates available in the broader financial markets. A portion of the borrowings under the New Jersey SRF is interest-free. Under the New Jersey SRF program, borrowers first enter into a construction loan agreement with the New Jersey Infrastructure Bank (NJIB) at a below market interest rate. The interest rate on the Company's current construction loan borrowings is zero percent (0%). When construction on the qualifying project is substantially complete, NJIB will coordinate the conversion of the construction loan into a long-term securitized loan with a portion of the principal balance having a stated interest rate of zero percent (0%) and a portion of the principal balance at a market interest rate at the time of closing using the credit rating of the State of New Jersey. The term of the long-term loans currently offered through the NJIB is up to thirty years.

The NJIB generally schedules its long-term debt financings in May and November. Middlesex currently has two projects that are in the construction loan phase of the New Jersey SRF program as follows:

1) In April 2018, the NJBPU approved Middlesex's request to participate in the NJIB loan program to fund the construction of a large-diameter transmission pipeline from the Carl J. Olsen water treatment plant in Edison, New Jersey and interconnect with our distribution system. Middlesex closed on a $43.5 million NJIB interest-free construction loan in August 2018. Through September 30, 2020, Middlesex has drawn a total of $41.9 million and expects to continue to draw down on this construction loan through the fourth quarter of 2020.

2) In March 2018, the NJBPU approved Middlesex's request to participate in the NJIB loan program to fund the 2018 RENEW Program, which is an ongoing initiative to eliminate unlined water distribution mains in the Middlesex system. Middlesex closed on an $8.7 million NJIB construction loan in September 2018 and completed withdrawal of the proceeds in October 2019.

The Company expects that the large-diameter transmission pipeline and the 2018 RENEW construction loans will be included in the NJIB May 2021 long-term debt financing program.

In September 2018, the NJIB announced changes to the SRF program for project funding priority ranking, the proportions of interest free loans and market interest rate loans and overall loan limits on interest free loan balances to investor-owned water utilities. These changes affect SRF projects for which the construction loan closes after September 2018. Under the amended regulations, the principal balance having a stated interest rate of zero percent (0%) is 25% of the loan balance with the remaining 75% having a market based interest rate. This is limited to the first $10.0 million of the loan. Loan amounts above $10.0 million do not participate in the 0% rate program, but do participate at the market based interest rate. As a result of all these changes, the Company's future capital funding plan does not include participating in the NJIB SRF program unless the terms are further amended to become more favorable to the Company.

In August 2019, Middlesex priced and closed on a New Jersey Economic Development Authority (NJEDA) debt financing transaction of $53.7 million by issuing First Mortgage Bonds (FMB) designated as Series 2019A ($32.5 million at coupon interest rate of 4.0%) and Series 2019B ($21.2 million at coupon interest rate of 5.0%). The proceeds, including an issuance premium of $7.1 million, are being used to finance several projects under the Water For Tomorrow capital program initiated by the Company to upgrade and replace aging water utility infrastructure. The total proceeds of $60.8 million, initially recorded as Restricted Cash on the balance sheet, are held in escrow by a bond trustee and are drawn down by requisition for the qualifying projects. Through September 30, 2020, Middlesex has drawn a total of $38.1 million and currently expects to draw the remaining $22.7 million of proceeds, currently included in Restricted Cash, through the second quarter of 2021.

In May 2020, Middlesex received approval from the NJBPU to borrow up to $100 million, in one or more private placement transactions to help fund Middlesex's multi-year capital construction program. Middlesex expects to close on a $40.0 million loan on or about November 18, 2020. Middlesex will issue a FMB with a payment maturity date of November 2050 at an interest rate of 2.90%.

In March 2018, the DEPSC approved Tidewater's request to borrow up to $0.9 million under the Delaware SRF program to fund the replacement of an entire water distribution system of a small Delaware community. Tidewater closed on the SRF loan in May 2018. In April 2019, Tidewater received approval from the DEPSC to increase the borrowing to $1.7 million based on revised project cost estimates. Tidewater closed on the additional SRF loan in October 2019 and completed withdrawal of the proceeds in April 2020.

Fair Value of Financial Instruments - The following methods and assumptions were used by the Company in estimating its fair value disclosure for financial instruments for which it is practicable to estimate that value. The carrying amounts reflected in the condensed consolidated balance sheets for cash and cash equivalents, trade receivables, accounts payable and notes payable approximate their respective fair values due to the short-term maturities of these instruments. The fair value of FMBs and SRF Bonds (collectively, the Bonds) issued by Middlesex is based on quoted market prices for similar issues. Under the fair value hierarchy, the fair value of cash and cash equivalents is classified as a Level 1 measurement and the fair value of notes payable and the Bonds in the table below are classified as Level 2 measurements. The carrying amount and fair value of the Bonds were as follows:

	(In Thousands)			
	September 30, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Bonds	$147,681	$158,579	$151,361	$160,772

For other long-term debt for which there was no quoted market price and there is not an active trading market, it was not practicable to estimate their fair value (for details, including carrying value, interest rate and due date on these series of long-term debt, please refer to those series noted as “Amortizing Secured Note”, “State Revolving Trust Note” and “Construction Loans” on the Condensed Consolidated Statements of Capital Stock and Long-Term Debt). The carrying amount of these instruments was $90.9 million and $83.0 million at September 30, 2020 and December 31, 2019, respectively. Customer advances for construction have carrying amounts of $25.1 million and $23.9 million as of September 30, 2020 and December 31, 2019, respectively. Their relative fair values cannot be accurately estimated since future refund payments depend on several variables, including new customer connections, customer consumption levels and future rate increases.

Note 4 – Earnings Per Share

Basic earnings per share (EPS) are computed on the basis of the weighted average number of shares outstanding during the period presented. Diluted EPS assumes the conversion of the Convertible Preferred Stock $7.00 Series in 2020 and the Convertible Preferred Stock $7.00 Series and the Convertible Preferred Stock $8.00 Series in 2019.

	(In Thousands Except per Share Amounts) Three Months Ended September 30,			
	2020		2019	
Basic:	Income	Shares	Income	Shares
Net Income	$ 12,737	17,466	$ 11,119	16,610
Preferred Dividend	(30)		(30)	
Earnings Applicable to Common Stock	$ 12,707	17,466	$ 11,089	16,610
Basic EPS	$ 0.73		$ 0.67	
Diluted:				
Earnings Applicable to Common Stock	$ 12,707	17,466	$ 11,089	16,610
$7.00 Series Preferred Dividend	17	115	17	115
$8.00 Series Preferred Dividend	—	—	—	32
Adjusted Earnings Applicable to Common Stock	$ 12,724	17,581	$ 11,106	16,757
Diluted EPS	$ 0.72		$ 0.66	

	(In Thousands Except per Share Amounts) Nine Months Ended September 30,			
	2020		2019	
Basic:	Income	Shares	Income	Shares
Net Income	$ 30,118	17,455	$ 25,818	16,520
Preferred Dividend	(90)		(102)	
Earnings Applicable to Common Stock	$ 30,028	17,455	$ 25,716	16,520
Basic EPS	$ 1.72		$ 1.56	
Diluted:				
Earnings Applicable to Common Stock	$ 30,028	17,455	$ 25,716	16,520
$7.00 Series Preferred Dividend	50	115	50	115
$8.00 Series Preferred Dividend	—	—	12	38
Adjusted Earnings Applicable to Common Stock	$ 30,078	17,570	$ 25,778	16,673
Diluted EPS	$ 1.71		$ 1.55	

Note 5 – Business Segment Data

The Company has identified two reportable segments. One is the regulated business of collecting, treating and distributing water on a retail and wholesale basis to residential, commercial, industrial and fire protection customers in parts of New Jersey, Delaware and Pennsylvania. This segment also includes regulated wastewater systems in New Jersey and Delaware. The Company is subject to regulations as to its rates, services and other matters by New Jersey, Delaware and Pennsylvania with respect to utility services within these states. The other segment is primarily comprised of non-regulated contract services for the operation and maintenance of municipal and private water and wastewater systems in New Jersey and Delaware. Inter-segment transactions relating to operational costs are treated as pass-through expenses. Finance charges on inter-segment loan activities are based on interest rates that are below what would normally be charged by a third party lender.

Operations by Segments:	(In Thousands) Three Months Ended September 30, 2020	2019	Nine Months Ended September 30, 2020	2019
Revenues:				
Regulated	$ 37,040	$ 35,000	$ 98,266	$ 93,342
Non – Regulated	3,204	3,020	9,345	9,032
Inter-segment Elimination	(324)	(251)	(646)	(515)
Consolidated Revenues	$ 39,920	$ 37,769	$ 106,965	$ 101,859
Operating Income:				
Regulated	$ 12,119	$ 11,001	$ 26,598	$ 24,937
Non – Regulated	1,058	982	2,490	3,025
Consolidated Operating Income	$ 13,177	$ 11,983	$ 29,088	$ 27,962
Net Income:				
Regulated	$ 11,993	$ 10,409	$ 28,364	$ 23,700
Non – Regulated	744	710	1,754	2,118
Consolidated Net Income	$ 12,737	$ 11,119	$ 30,118	$ 25,818
Capital Expenditures:				
Regulated	$ 25,266	$ 25,437	$ 70,398	$ 60,998
Non – Regulated	101	85	387	222
Total Capital Expenditures	$ 25,367	$ 25,522	$ 70,785	$ 61,220

	As of September 30, 2020	As of December 31, 2019
Assets:		
Regulated	$ 959,494	$ 910,081
Non – Regulated	10,104	9,686
Inter-segment Elimination	(9,764)	(9,889)
Consolidated Assets	$ 959,834	$ 909,878

Note 6 – Short-term Borrowings

The Company maintains lines of credit aggregating $140.0 million.

	(Millions) As of September 30, 2020 Outstanding	Available	Maximum	Credit Type	Line of Credit Renewal Date
Bank of America	$ 2.0	$ 58.0	$ 60.0	Uncommitted	December 17, 2020
PNC Bank	27.0	41.0	68.0	Committed	January 31, 2022
CoBank	7.5	4.5	12.0	Committed	November 30, 2023
	$ 36.5	$ 103.5	$ 140.0		

The interest rates for borrowings under the lines of credit are set using the London InterBank Offered Rate (LIBOR) and adding a credit spread, which varies by financial institution. There is no requirement for a compensating balance under any of the established lines of credit. The Bank of America line of credit is renewed on an annual basis prior to its expiration.

The weighted average interest rate on the outstanding borrowings at September 30, 2020 under these credit lines is 1.18%.

The weighted average daily amounts of borrowings outstanding under the Company's credit lines and the weighted average interest rates on those amounts were as follows:

	(In Thousands) Three Months Ended September 30, 2020	2019	Nine Months Ended September 30, 2020	2019
Average Daily Amounts Outstanding	$ 35,576	$ 58,259	$ 31,372	$ 56,881
Weighted Average Interest Rates	1.24%	3.26%	1.63%	3.45%

The maturity dates for the $36.5 million of borrowings outstanding as of September 30, 2020 are in October 2020 through December 2020 and are renewable at the discretion of the Company.

Note 7 – Commitments and Contingent Liabilities

Water Supply - Middlesex has an agreement with the New Jersey Water Supply Authority (NJWSA) for the purchase of untreated water through November 30, 2023, which provides for an average purchase of 27.0 million gallons a day (mgd). Pricing is set annually by the NJWSA through a public rate making process. The agreement has provisions for additional pricing in the event Middlesex overdrafts or exceeds certain monthly and annual thresholds.

Middlesex also has an agreement with a non-affiliated NJBPU-regulated water utility for the purchase of treated water. This agreement, which expires February 28, 2026, provides for the minimum purchase of 3.0 mgd of treated water with provisions for additional purchases if needed.

Tidewater contracts with the City of Dover, Delaware to purchase 15.0 million gallons of treated water annually.

Purchased water costs are shown below:

	(In Thousands)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Treated	$ 933	$ 818	$ 2,657	$ 2,415
Untreated	878	878	2,530	2,521
Total Costs	$ 1,811	$ 1,696	$ 5,187	$ 4,936

Guarantees - As part of an agreement with the County of Monmouth, New Jersey (County), Middlesex serves as guarantor of the performance of Applied Water Management, Inc. (AWM), an unaffiliated wastewater treatment contractor and partner, to operate a County-owned leachate pretreatment facility at the Monmouth County Reclamation Center in Tinton Falls, New Jersey. The performance guaranty is effective through 2029 unless another guarantor, acceptable to the County, replaces Middlesex before such date. In addition, Middlesex may provide operational support to the facility, as needed. AWM and its parent company, Natural Systems Utilities (NSU), serve as guarantor to Middlesex with respect to the performance of AWM and have indemnified Middlesex against any claims that may arise under the Middlesex guaranty to the County.

If requested to perform under the guaranty to the County and, if AWM and NSU, as guarantor to Middlesex, do not fulfill their obligations to indemnify Middlesex against any claims that may arise under the Middlesex guaranty to the County, Middlesex would potentially be required to fulfill the remaining operational commitment of AWM. The liability and asset for the guaranty are included in Other Non-Current Liabilities and Other Non-Current Assets on the balance sheet and are approximately $1.3 million and $1.4 million as of September 30, 2020 and December 31, 2019, respectively.

In November 2019, Middlesex was notified that the County terminated its Agreement with AWM. AWM had initiated legal action against the County in the Superior Court of New Jersey, Monmouth County that in part contests the County's exercise of this termination. The County filed a counter-claim against NSU and has brought Middlesex into the suit as a third-party defendant. We continue to monitor this litigation; however, given the cancellation of the underlying operating contract by the County, we do not anticipate the ultimate outcome will have a material impact on the Company's results of operations or financial condition.

Leases - The Company determines if a contractual arrangement meets the criteria to be characterized as a lease at inception. Generally, a lease agreement exists if the Company determines that the arrangement gives the Company control over the use of an identified asset and obtains substantially all of the benefits from the identified asset.

The Company has entered into an operating lease of office space for administrative purposes, expiring in 2030. The Company has not entered into any financing leases. The exercise of a lease renewal option for the Company's administrative offices is solely at the discretion of the Company.

The right-of-use (ROU) asset recorded represents the Company's right to use an underlying asset for the lease term and lease liability represents the Company's obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company's operating lease does not provide an implicit discount rate and as such, the Company used an estimated incremental borrowing rate (4.03%) based on the information available at commencement date in determining the present value of lease payments.

Given the impact of accounting for regulated operations, and the resulting recognition of expense at the amounts recovered in customer rates, expenditures for operating leases are consistent with lease expense and were $0.2 million for each of the three months ended September 30, 2020 and 2019, respectively, and $0.6 million and $0.5 million for the nine months ended September 30, 2020 and 2019, respectively.

Information related to operating lease ROU assets and lease liabilities is as follows:

	(In Millions) As of September 30, 2020	As of December 31, 2019
ROU Asset at Lease Inception	$ 7.3	$ 7.3
Accumulated Amortization	(1.9)	(1.4)
Current ROU Asset	$ 5.4	$ 5.9

The Company's future minimum operating lease commitments are as follows:

	(In Millions) September 30, 2020
2020	$ 0.2
2021	0.8
2022	0.8
2023	0.8
2024	0.8
Thereafter	4.4
Total Lease Payments	$ 7.8
Imputed Interest	(1.8)
Present Value of Lease Payments	6.0
Less Current Portion*	(0.8)
Non-Current Lease Liability	$ 5.2
*Included in Other Current Liabilities	

Construction - The Company has forecasted to spend approximately $113 million for its construction program in 2020. The Company has entered into several construction contracts that, in the aggregate, obligate expenditure of an estimated $41 million in the future. The timing and amount of capital expenditures is dependent on project scheduling and refinement of engineering estimates for certain projects and could be impacted if the effects of the COVID-19 pandemic continue for an extended period of time (for further discussion of the impact of COVID-19 on the Company, see *Note 1- Basis of Presentation and Recent Developments, Recent Developments*).

Contingencies - Based on our operations in the heavily-regulated water and wastewater industries, the Company is routinely involved in disputes, claims, lawsuits and other regulatory and legal matters, including responsibility for fines and penalties relative to regulatory compliance. At this time, Management does not believe the final resolution of any such matters, whether asserted or unasserted, will have a material adverse effect on the Company's financial position, results of operations or cash flows. In addition, the Company maintains business insurance coverage that may mitigate the effect of any current or future loss contingencies.

Change in Control Agreements - The Company has Change in Control Agreements with certain of its officers that provide compensation and benefits in the event of termination of employment in connection with a change in control of the Company.

Note 8 – Employee Benefit Plans

Pension Benefits - The Company's Pension Plan covers all active employees hired prior to April 1, 2007. Employees hired after March 31, 2007 are not eligible to participate in this plan, but do participate in a defined contribution plan that provides for a potential annual contribution in an amount that is at the discretion of the Company. In order to be eligible for a contribution, the participant must be employed by the Company on December 31st of the year to which the contribution relates. For the three and nine month periods ended September 30, 2020, the Company did not make any Pension Plan cash contributions. For the three and nine month periods ended September 30, 2019, the Company made Pension Plan cash contributions of $1.3 million and $2.3 million, respectively. The Company expects to make Pension Plan cash contributions of approximately $3.0 million over the remainder of the current year. The Company also maintains an unfunded supplemental retirement benefit plan for certain active and retired Company officers and currently pays $0.4 million in annual benefits to the retired participants.

Other Postretirement Benefits - The Company's retirement plan other than pensions (Other Benefits Plan) covers substantially all of its current retired employees. Employees hired after March 31, 2007 are not eligible to participate in this plan. Coverage includes healthcare and life insurance. For the three month period ended September 30, 2020, the Company did not make any Other Benefits Plan cash contributions. For the nine month period ended September 30, 2020, the Company made Other Benefits Plan cash contributions of $0.3 million. For the three and nine month periods ended September 30, 2019, the Company made Other Benefits Plan cash contributions of $0.2 million and $0.6 million, respectively. The Company does not expect to make any additional Other Benefits Plan cash contributions over the remainder of the current year.

The following tables set forth information relating to the Company's periodic costs for its employee retirement benefit plans:

	(In Thousands)			
	Pension Benefits		Other Benefits	
	Three Months Ended September 30,			
	2020	2019	2020	2019
Service Cost	$ 609	$ 543	$ 248	$ 210
Interest Cost	775	857	425	496
Expected Return on Assets	(1,409)	(1,173)	(721)	(613)
Amortization of Unrecognized Losses	515	404	338	330
Net Periodic Benefit Cost*	$ 490	$ 631	$ 290	$ 423

	(In Thousands)			
	Pension Benefits		Other Benefits	
	Nine Months Ended September 30,			
	2020	2019	2020	2019
Service Cost	$ 1,826	$ 1,628	$ 745	$ 630
Interest Cost	2,324	2,570	1,274	1,488
Expected Return on Assets	(4,226)	(3,520)	(2,163)	(1,838)
Amortization of Unrecognized Losses	1,544	1,213	1,014	989
Net Periodic Benefit Cost*	$ 1,468	$ 1,891	$ 870	$ 1,269

*Service cost is included in Operations and Maintenance expense on Consolidated Statements of Income; all other amounts are included in Other Income/Expense, net.

Note 9 – Revenue Recognition from Contracts with Customers

The Company's revenues are primarily generated from regulated tariff-based sales of water and wastewater services to residential, industrial, commercial, fire protection and wholesale customers, as well as non-regulated operation and maintenance contracts for services on water and wastewater systems owned by others. Revenue from contracts with customers is recognized when control of a promised good or service is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The Company's residential customers are billed quarterly while most of the Company's industrial, commercial, fire-protection and wholesale customers are billed monthly. Payments by customers are due between 15 and 30 days after the invoice date. The Company recognizes revenue as the water and wastewater services are delivered to customers and records unbilled revenues estimated from the last meter reading date to the end of the accounting period utilizing factors such as historical customer data, regional weather indicators and general economic conditions in its service territories. Unearned Revenues and Advance Service Fees include fixed service charge billings in advance of service provided to Tidewater customers and are recognized as service is provided.

Non-regulated service contract revenues consist of base service fees, as well as fees for additional billable services provided to customers, are billed monthly and are due within 30 days after the invoice date. The Company considers the amounts billed to represent the value of these services provided to customers. These contracts expire at various times through June 2030 and thus contain remaining performance obligations for which the Company expects to recognize revenue in the future. These contracts also contain termination provisions.

Substantially all operating revenues and accounts receivable are from contracts with customers. The Company records an allowance for doubtful accounts based on historical write-offs combined with an evaluation of current economic conditions within its service territories.

The Company's contracts do not contain any significant financing components.

The Company's operating revenues are comprised of the following:

	(In Thousands)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Regulated Tariff Sales				
Residential	$ 22,340	$ 20,693	$ 58,475	$ 54,453
Commercial	4,660	4,487	11,678	11,539
Industrial	2,629	2,723	6,885	7,242
Fire Protection	3,129	3,100	9,235	9,211
Wholesale	4,028	3,813	11,553	10,582
Non-Regulated Contract Operations	3,100	2,919	9,034	8,729
Total Revenue from Contracts with Customers	$ 39,886	$ 37,735	$ 106,860	$ 101,756
Other Regulated Revenues	255	184	441	315
Other Non-Regulated Revenues	104	101	311	303
Inter-segment Elimination	(325)	(251)	(647)	(515)
Total Revenue	$ 39,920	$ 37,769	$ 106,965	$ 101,859

Note 10 – Income Taxes

As part of its 2014 Federal income tax return, the Company adopted the final Internal Revenue Service (IRS) tangible property regulations and changed its accounting method for the tax treatment of expenditures that qualified as deductible repairs. The adoption resulted in a net reduction of $17.6 million in taxes previously remitted to the IRS, for which the Company has already sought and received the tax refunds. A reserve provision against refunded taxes of $2.3 million was recorded in 2015 at the time of filing its change in accounting method based on a possible challenge by the IRS during an audit examination. The Company's 2014 federal income tax return was subsequently selected for examination by the IRS. In 2018, the Company increased its income tax reserve provision to $4.1 million. During the first quarter of 2019, the Company agreed to certain modifications of its accounting method for expenditures that qualify as deductible repairs and the IRS concluded its audit of the Company's 2014 federal income tax return. The modifications also impacted the Company's filed 2015, 2016 and 2017 federal income tax returns. In 2019, the Company paid $2.7 million in connection with the conclusion and closing of the 2014-2017 tax return audits and $0.1 million in interest in connection with the conclusion and closing of the 2014 and 2015 tax return audits. As of September 30, 2020, the Company has reduced its income tax reserve provision and interest expense liability to $0.5 million and $0.2 million, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements of Middlesex Water Company (Middlesex or the Company) included elsewhere herein and with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Forward-Looking Statements

Certain statements contained in this periodic report and in the documents incorporated by reference constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The Company intends that these statements be covered by the safe harbors created under those laws. They include, but are not limited to statements as to:

- expected financial condition, performance, prospects and earnings of the Company;
- strategic plans for growth;
- the amount and timing of rate increases and other regulatory matters, including the recovery of certain costs recorded as regulatory assets;
- the Company's expected liquidity needs during the upcoming fiscal year and beyond and the sources and availability of funds to meet its liquidity needs;
- expected customer rates, consumption volumes, service fees, revenues, margins, expenses and operating results;
- financial projections;
- the expected amount of cash contributions to fund the Company's retirement benefit plans, anticipated discount rates and rates of return on plan assets;
- the ability of the Company to pay dividends;
- the Company's compliance with environmental laws and regulations and estimations of the materiality of any related costs;
- the safety and reliability of the Company's equipment, facilities and operations;
- the Company's plans to renew municipal franchises and consents in the territories it serves;
- trends; and
- the availability and quality of our water supply.

These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from anticipated results and outcomes include, but are not limited to:

- effects of general economic conditions;
- increases in competition for growth in non-franchised markets to be potentially served by the Company;
- ability of the Company to adequately control selected operating expenses which are necessary to maintain safe and proper utility services, and which may be beyond the Company's control;
- availability of adequate supplies of water;
- actions taken by government regulators, including decisions on rate increase requests;
- new or modified water quality standards;
- weather variations and other natural phenomena impacting utility operations;
- financial and operating risks associated with acquisitions and, or privatizations;
- acts of war or terrorism;
- changes in the pace of housing development;
- availability and cost of capital resources;
- impact of the Novel Coronavirus (COVID-19) or other pandemic; and
- other factors discussed elsewhere in this quarterly report.

Many of these factors are beyond the Company's ability to control or predict. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements, which only speak to the Company's understanding as of the date of this report. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

For an additional discussion of factors that may affect the Company's business and results of operations, see Item 1A. - Risk Factors in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Overview

Middlesex has operated as a water utility in New Jersey since 1897, in Delaware through our wholly-owned subsidiary, Tidewater Utilities, Inc. (Tidewater), since 1992 and in Pennsylvania through our wholly-owned subsidiary, Twin Lakes Utilities, Inc. (Twin Lakes), since 2009. We are in the business of collecting, treating and distributing water for domestic, commercial, municipal, industrial and fire protection purposes. We also operate two New Jersey municipal water and wastewater systems under contract and provide regulated wastewater services in New Jersey and Delaware through four of our other subsidiaries. We are regulated as to rates charged to customers for water and wastewater services, as to the quality of water service we provide and as to certain other matters in New Jersey, Delaware and Pennsylvania. Only our Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy), Inc. (USA-PA) and White Marsh Environmental Services, Inc. (White Marsh) subsidiaries are not regulated utilities.

Our New Jersey water utility system (the Middlesex System) provides water services to approximately 61,000 retail customers, primarily in central New Jersey. The Middlesex System also provides water service under contract to municipalities in central New Jersey with a total population of over 0.2 million. Our Bayview subsidiary provides water services in Downe Township, New Jersey. Our other New Jersey subsidiaries, Pinelands Water Company (Pinelands Water) and Pinelands Wastewater Company (Pinelands Wastewater) (collectively, Pinelands), provide water and wastewater services to approximately 2,500 customers in Southampton Township, New Jersey.

Our Delaware subsidiaries, Tidewater and Southern Shores Water Company, LLC (Southern Shores), provide water services to approximately 51,000 retail customers in New Castle, Kent and Sussex Counties, Delaware. Tidewater's subsidiary, White Marsh, services approximately 1,800 customers in Delaware and Maryland through various operations and maintenance contracts.

Our Tidewater Environmental Services, Inc. (TESI) subsidiary provides wastewater services to approximately 3,800 residential retail customers in Sussex Counties, Delaware.

USA-PA operates the water and wastewater systems for the City of Perth Amboy, New Jersey (Perth Amboy) under a 10-year operations and maintenance contract expiring in 2028. In addition to performing day-to day operations, USA-PA is also responsible for emergency responses and management of capital projects funded by Perth Amboy. USA-PA does not manage the billing, collections and customer service functions of Perth Amboy.

USA operates the Borough of Avalon, New Jersey's (Avalon) water utility, sewer utility and storm water system under a ten-year operations and maintenance contract expiring in 2022. In addition to performing day to day operations, USA is responsible for billing, collections, customer service, emergency responses and management of capital projects funded by Avalon. Under a marketing agreement with HomeServe USA (HomeServe), USA offers residential customers in New Jersey and Delaware a menu of water and wastewater related home maintenance programs. HomeServe is a leading national provider of such home maintenance service programs. USA receives a service fee for the billing, cash collection and other administrative matters associated with HomeServe's service contracts. Beginning July 1, 2020, USA began operating the Borough of Highland Park, New Jersey's water and wastewater systems. USA also provides unregulated water and wastewater services under contract with several other New Jersey municipalities.

Our Pennsylvania subsidiary, Twin Lakes, provides water services to approximately 120 retail customers in the Township of Shohola, Pike County, Pennsylvania.

Recent Developments

COVID-19 - On March 13, 2020, the United States declared the COVID-19 pandemic a national emergency. The impact on changing economic conditions due to COVID-19 is uncertain and could affect the Company's results of operations, financial condition and liquidity in the future. While the Company's operations and capital construction program have not been significantly disrupted to-date from COVID-19, we are unable to assess with certainty the impact that COVID-19 will have on our business, our customers and our vendors prospectively, due to numerous uncertainties, including the severity of the pandemic, the duration of the outbreak and actions which could potentially be taken by governmental and/or regulatory authorities.

The New Jersey Board of Public Utilities (NJBPU) and the Delaware Public Service Commission have allowed for potential future recovery of COVID-19 related incremental costs through customer rates by the regulated utilities under their respective jurisdictions. Neither jurisdiction has yet to establish a timetable or definitive method for formally providing for cost recovery. We will continue to monitor the COVID-19 situation and evaluate its impact on the Company's business, results of operations, financial condition and liquidity.

Contract Operations – In May 2020, USA, through a competitive bidding process, was awarded a ten-year, $8.3 million contract to operate and maintain the Borough of Highland Park, New Jersey's (Highland Park) water and wastewater systems. The contract commenced July 1, 2020.

Capital Construction Program - The Company's multi-year capital construction program encompasses numerous projects designed to upgrade and replace utility infrastructure as well as enhance the integrity and reliability of assets to better serve the current and future generations of water and wastewater customers. The Company plans to invest approximately $113 million in 2020 in connection with this plan for projects that include, but are not limited to:

- Among other enhancements in overall reliability of service and redundancy, implementing an enhanced treatment process using ozone as the primary disinfectant at the Company's largest water treatment plant in Edison, New Jersey, to mitigate the formation of disinfection by-products which can develop from the present chlorine-based disinfection process;
- Enhanced treatment processes at the Company's primary wellfield in South Plainfield, New Jersey to comply with recently promulgated, more stringent water quality regulations with respect to Perfluoroalkyl substances (PFAS) and integrate surge mitigation along with revisions to corrosion control and chlorination;
- Replacement of approximately six miles of water mains including service lines, valves, fire hydrants and meters in the Township of Edison and the City of South Amboy, New Jersey;
- Construction of a new replacement wastewater treatment plant to serve our customers in the Town of Milton, Delaware;
- Relocation of water meters from inside customers' premises to exterior meter pits to allow more timely access by crews in emergencies, enhance customer safety and convenience and reduce non-revenue water; and
- Additional standby emergency power generation.

The actual amount and timing of capital expenditures is dependent on project scheduling and refinement of engineering estimates for certain capital projects and may be significantly impacted if the effects of COVID-19 continue for an extended period of time (for further discussion of the impact of COVID-19 on the Company, see *Note 1- Basis of Presentation and Recent Developments, Recent Developments*).

Twin Lakes Base Rate Increase - In March 2020, the Pennsylvania Public Utilities Commission (PAPUC) approved a $0.1 million increase in annualized base rates for Twin Lakes. In July 2019, Twin Lakes had filed a petition with the PAPUC seeking permission to increase annualized base rates by approximately $0.2 million, necessitated by capital infrastructure investments and increased operations and maintenance costs. The new rates became effective April 19, 2020.

Middlesex Private Placement – In May 2020, Middlesex received approval from the NJBPU to borrow up to $100.0 million, in one or more private placement transactions to help fund Middlesex's multi-year capital construction program. Middlesex expects to close on a $40.0 million loan on or about November 18, 2020. Middlesex will issue a First Mortgage Bond with a payment maturity date of November 2050 at an interest rate of 2.90%.

Outlook

Normally, our ability to increase operating income and net income is based significantly on four factors: weather, adequate and timely rate relief, effective cost management and customer growth (which are evident in comparison discussions in the Results of Operations section below). As operating costs have increased in 2020 in a variety of categories, we continue to implement plans to further streamline operations and further reduce, and mitigate increases in, operating costs. Changes in customer water usage habits, as well as increases in capital expenditures and operating costs, are significant factors in determining the timing and extent of rate increase requests. An additional factor that is expected to affect our outlook over the remainder of 2020 is the impact of COVID-19 on the general economy and the resulting impact on our customers. For example, while many commercial business operations have closed or curtailed operations as a result of the State of Emergency Orders (SEOs) issued by the Governors of the respective states in which we operate, resulting in lower water demand for that class of customer, usage by residential customers has increased due in part to SEOs and remote working arrangements (for further discussion of the impact of COVID-19 on the Company, see *Note 1- Basis of Presentation and Recent Developments, Recent Developments*). In addition, our customer collection efforts have been suspended based on SEOs. Those same SEOs have declared utility construction projects to be essential and therefore, are allowed to continue subject to nationally-established COVID-19 safety precautions.

Organic residential customer growth for 2020 is expected to be consistent with that experienced in recent years.

Our strategy for profitable growth is focused on the following key areas:

- Invest in projects, products and services that complement our core water and wastewater competencies;
- Timely and adequate recovery of infrastructure investments and other costs to maintain service quality;
- Prudent acquisitions of investor and municipally-owned water and wastewater utilities; and
- Operation of municipal and industrial water and wastewater systems on a contract basis which meet our risk/reward profile.

Operating Results by Segment

The discussion of the Company's operating results is on a consolidated basis and includes significant factors by subsidiary. The Company has two operating segments, Regulated and Non-Regulated. The operations of the Regulated segment are subject to regulations promulgated by state public utility commissions as to rates and level of service. Rates and level of service in the Non-Regulated segment are subject to the terms of individually-negotiated and executed contracts with municipal, industrial and other clients. Both segments are subject to federal and state environmental, water and wastewater quality and other associated legal and regulatory requirements.

The segments in the tables included below consist of the following companies: Regulated-Middlesex, Tidewater, Pinelands, Southern Shores, TESI and Twin Lakes; Non-Regulated-USA, USA-PA, and White Marsh.

Results of Operations – Three Months Ended September 30, 2020

	(In Thousands) Three Months Ended September 30,					
	2020			2019		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	$ 36,820	$ 3,100	$ 39,920	$ 34,850	$ 2,919	$ 37,769
Operations and maintenance expenses	16,027	1,922	17,949	15,859	1,810	17,669
Depreciation expense	4,668	53	4,721	4,182	64	4,246
Other taxes	4,006	67	4,073	3,808	63	3,871
Operating income	12,119	1,058	13,177	11,001	982	11,983
Other income, net	1,361	36	1,397	824	43	867
Interest expense	1,901	5	1,906	1,996	-	1,996
Income taxes	(414)	345	(69)	(580)	315	(265)
Net income	$ 11,993	$ 744	$ 12,737	$ 10,409	$ 710	$ 11,119

Operating Revenues

Operating revenues for the three months ended September 30, 2020 increased $2.2 million from the same period in 2019 due to the following factors:

- Middlesex System revenues increased $1.4 million due to increased customer water consumption;
- Tidewater System revenues increased $0.4 million due to additional customers;
- Pinelands revenues increased $0.1 million due to the base rate increase that went into effect in November 2019;
- Non-regulated revenues increased $0.2 million due to USA’s new contract to operate and maintain the Highland Park’s water and wastewater systems (for further information, see discussion under *Recent Developments-Contract Operations*) and increased supplemental services under existing contracts; and
- All other revenue categories increased $0.1 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the three months ended September 30, 2020 increased $0.3 million from the same period in 2019 due to the following factors:

- Variable production costs increased $0.5 million due to higher customer water consumption and higher treatment costs due to weather-impacted changes in raw water quality;
- Retirement benefit plan expenses increased $0.4 million primarily due to higher actuarially-determined retirement benefit plan service expense;
- Bad debt expense increased $0.1 million due to expected increases in future write-offs due to COVID-19;
- Information technology costs increased $0.1 million due to higher managed service and licensing costs;
- Labor costs decreased $1.0 million due to payments made in 2019 to retiring employees partially offset by current year wage increases overall averaging approximately 3%; and
- All other operation and maintenance expense categories increased $0.2 million.

Depreciation

Depreciation expense for the three months ended September 30, 2020 increased $0.5 million from the same period in 2019 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the three months ended September 30, 2020 increased $0.2 million from the same period in 2019 primarily due to higher revenue related taxes on increased revenues in our Middlesex system.

Other Income, net

Other Income, net for the three months ended September 30, 2020 increased $0.5 million from the same period in 2019 primarily due to higher Allowance for Funds Used During Construction resulting from a higher level of capital projects in progress and lower actuarially-determined postretirement benefit plan non-service expense.

Interest Expense

Interest expense for the three months ended September 30, 2020 decreased $0.1 million from the same period in 2019 due to an overall lower level of debt outstanding and lower average interest rates.

Income Taxes

The benefit from income taxes for the three months ended September 30, 2020 was $0.2 million lower than for the same period in 2019, primarily due to higher pre-tax operating income.

Net Income and Earnings Per Share

Net income for the three months ended September 30, 2020 increased $1.6 million as compared with the same period in 2019. Basic earnings per share were $0.73 and $0.67 for the three months ended September 30, 2020 and 2019, respectively. Diluted earnings per share were $0.72 and $0.66 for the three months ended September 30, 2020 and 2019, respectively.

Results of Operations – Nine Months Ended September 30, 2020

	(In Thousands) Nine Months Ended September 30,					
	2020			2019		
	Regulated	Non-Regulated	Total	Regulated	Non-Regulated	Total
Revenues	$ 97,931	$ 9,034	$ 106,965	$ 93,130	$ 8,729	$ 101,859
Operations and maintenance expenses	46,567	6,194	52,761	45,233	5,336	50,569
Depreciation expense	13,646	152	13,798	12,229	186	12,415
Other taxes	11,120	198	11,318	10,731	182	10,913
Operating income	26,598	2,490	29,088	24,937	3,025	27,962
Other income, net	3,941	94	4,035	1,835	53	1,888
Interest expense	5,510	11	5,521	4,984	-	4,984
Income taxes	(3,335)	819	(2,516)	(1,912)	960	(952)
Net income	$ 28,364	1,754	30,118	$ 23,700	$ 2,118	$ 25,818

Operating Revenues

Operating revenues for the nine months ended September 30, 2020 increased $5.1 million from the same period in 2019 due to the following factors:

- Middlesex System revenues increased $2.5 million due to increased customer water consumption;
- Tidewater System revenues increased $1.8 million due to additional customers;
- Pinelands revenues increased $0.4 million due to the base rate increase that went into effect in November 2019;
- Non-regulated revenues increased $0.3 million due to USA’s new contract to operate and maintain the Highland Park’s water and wastewater systems (for further information, see discussion under *Recent Developments-Contract Operations*) and increased supplemental services under existing contracts; and
- All other revenue categories increased $0.1 million.

Operation and Maintenance Expense

Operation and maintenance expenses for the nine months ended September 30, 2020 increased $2.2 million from the same period in 2019 due to the following factors:

- Variable production costs increased $1.3 million due to higher customer water consumption and higher treatment costs due to weather-impacted changes in raw water quality;
- Retirement benefit plan expenses increased $0.8 million primarily due to higher actuarially-determined retirement benefit plan service expense;
- Bad debt expense increased $0.2 million due to expected increases in future write-offs due to COVID-19;
- Labor costs decreased $0.5 million due to payments made in 2019 to retiring employees partially offset by additional employees required for regulatory and other operational needs, and current year wage increases overall averaging approximately 3%; and
- All other operation and maintenance expense categories increased $0.4 million.

Depreciation

Depreciation expense for the nine months ended September 30, 2020 increased $1.4 million from the same period in 2019 due to a higher level of utility plant in service.

Other Taxes

Other taxes for the nine months ended September 30, 2020 increased $0.4 million from the same period in 2019 primarily due to higher revenue related taxes on increased revenues in our Middlesex system.

Other Income, net

Other Income, net for the nine months ended September 30, 2020 increased $2.1 million from the same period in 2019 primarily due to higher Allowance for Funds Used During Construction resulting from a higher level of capital projects in progress and lower actuarially-determined postretirement benefit plan non-service expense.

Interest Expense

Interest expense for the nine months ended September 30, 2020 increased $0.5 million from the same period in 2019 due to higher average long-term debt outstanding partially offset by lower average short-term debt outstanding and lower average interest rates.

Income Taxes

The benefit from income taxes for the nine months ended September 30, 2020 increased overall by $1.6 million from the same period in 2019, primarily due to the regulatory accounting treatment of tax benefits associated with the adoption of Internal Revenue Service tangible property regulations, which was approved in Middlesex's 2018 New Jersey base rate case decision.

Net Income and Earnings Per Share

Net income for the nine months ended September 30, 2020 increased $4.3 million as compared with the same period in 2019. Basic earnings per share were $1.72 and $1.56 for the nine months ended September 30, 2020 and 2019, respectively. Diluted earnings per share were $1.71 and $1.55 for the nine months ended September 30, 2020 and 2019, respectively.

Liquidity and Capital Resources

Operating Cash Flows

Cash flows from operations are largely based on four factors: weather, adequate and timely rate increases, effective cost management and growth. The effect of those factors on net income is discussed in "Results of Operations."

For the nine months ended September 30, 2020, cash flows from operating activities increased $13.9 million to $37.3 million. The increase in cash flows from operating activities primarily resulted from reduced income tax payments, reduced employee benefit plan contributions and higher net income.

Investing Cash Flows

For the nine months ended September 30, 2020, cash flows used in investing activities increased $9.6 million to $70.8 million. The increase in cash flows used in investing activities resulted from increased utility plant expenditures.

For further discussion on the Company's future capital expenditures and expected funding sources, see "*Capital Expenditures and Commitments*" below.

Financing Cash Flows

For the nine months ended September 30, 2020, cash flows from financing activities decreased $74.1 million to $15.2 million. The decrease in cash flows provided by financing activities is due to lower proceeds from the issuance of long-term debt and common stock under the Middlesex Water Company Investment Plan (the Investment Plan) partially offset by the net increase in short-term funding.

Capital Expenditures and Commitments

To fund our capital program, we use internally generated funds, short-term and long-term debt borrowings, proceeds from sales of common stock under the Investment Plan and proceeds from sales offerings to the public of our common stock. See below for a more detailed discussion regarding the funding of our capital program.

The capital investment program for 2020 is currently estimated to be approximately $113 million. Through September 30, 2020, we have expended $71 million and expect to incur approximately $42 million for capital projects for the remainder of 2020.

We currently project we will expend approximately $179 million for capital projects in 2021 and 2022. The actual amount and timing of capital expenditures is dependent on project scheduling and refinement of engineering estimates for certain capital projects. The timing of capital expenditures could be impacted if the effects of COVID-19 continue for an extended period of time (for further discussion of the impact of COVID-19 on the Company, see the *Recent Developments* section of *Note 1* of the Notes to the Unaudited Condensed Consolidated Financial Statements).

To fund our capital program for the remainder of 2020, we plan on utilizing:

- Internally generated funds;
- Short-term borrowings, as needed, through $140 million of lines of credit established with three financial institutions. As of September 30, 2020, there was $103.5 million of available credit under these lines (for further discussion on Company lines of credit, see *Note 6* of the Notes to the Unaudited Condensed Consolidated Financial Statements);
- Proceeds from the New Jersey State Revolving Fund (SRF). SRF programs provide low cost financing for projects that meet certain water quality and system improvement benchmarks;
- Proceeds from the August 2019 issuance and sale of First Mortgage Bonds through the New Jersey Economic Development Authority;
- Proceeds from the Investment Plan; and
- Proceeds from the sale and issuance of debt securities in a private placement offering (for further information, see discussion under *Recent Developments-Middlesex Private Placement*).

In order to fully fund the ongoing large investment program in our utility plant infrastructure and maintain a balanced capital structure consistent with the basis on which customers' rates are established for a regulated water utility, Middlesex may offer for sale additional shares of its common stock. The amount, the timing and the method of sale of the common stock is dependent on the timing of the construction expenditures, the level of additional debt financing and financial market conditions. As approved by the NJBPU, the Company is authorized to issue and sell up to 0.7 million shares of its common stock in one or more transactions through December 31, 2022.

Recent Accounting Pronouncements – See Note 1 of the Notes to Unaudited Condensed Consolidated Financial Statements for a discussion of recent accounting pronouncements and guidance.

Item 3. Quantitative and Qualitative Disclosures of Market Risk

We are exposed to market risk associated with changes in interest rates and commodity prices. The Company is subject to the risk of fluctuating interest rates in the normal course of business. Our policy is to manage interest rates through the use of fixed rate long-term debt and, to a lesser extent, short-term debt. The Company’s interest rate risk related to existing fixed rate, long-term debt is not material due to the term of the majority of our First Mortgage Bonds, which have final maturity dates ranging from 2021 to 2059. Over the next twelve months, approximately $7.2 million of the current portion of existing long-term debt instruments will mature. Applying a hypothetical change in the rate of interest charged by 10% on those borrowings, would not have a material effect on our earnings.

Our risks associated with commodity price increases for chemicals, electricity and other commodities are reduced through contractual arrangements and the ability to recover price increases through rates. Non-performance by these commodity suppliers could have a material adverse impact on our results of operations, financial position and cash flows.

We are exposed to credit risk for both our Regulated and Non-Regulated business segments. Our Regulated operations serve residential, commercial, industrial and municipal customers while our Non-Regulated operations engage in business activities with developers, government entities and other customers. Our primary credit risk is exposure to customer default on contractual obligations and the associated loss that may be incurred due to the non-payment of customer accounts receivable balances. Our credit risk is managed through established credit and collection policies which are in compliance with applicable regulatory requirements and involve monitoring of customer exposure and the use of credit risk mitigation measures such as letters of credit or prepayment arrangements. Our credit portfolio is diversified with no significant customer or industry concentrations. In addition, our Regulated businesses are generally able to recover all prudently incurred costs including uncollectible customer accounts receivable expenses and collection costs through rates.

The Company's retirement benefit plan assets are subject to fluctuating market prices of debt and equity securities. Changes to the Company's retirement benefit plan asset values can impact the Company's retirement benefit plan expense, funded status and future minimum funding requirements. Our risk is mitigated by our ability to recover retirement benefit plan costs through rates for regulated utility services charged to our customers.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Securities and Exchange Act of 1934 (the Exchange Act), an evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures was conducted by the Company’s Chief Executive Officer along with the Company’s Chief Financial Officer. Based upon that evaluation, the Company’s Chief Executive Officer and the Company’s Chief Financial Officer concluded that the Company’s disclosure controls and procedures are effective as of the end of the period covered by this Report. There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company’s Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding disclosure.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

The following risk factor is provided to update the risk factors previously disclosed under the heading “Risk Factors” set forth in Part I, Item 1A. of the Company’s Annual Report on Form 10-K for the year ended December 31, 2019.

The Novel Coronavirus (COVID-19) pandemic and the attempt to contain it may harm our business, results of operations, financial condition and liquidity.

On March 13, 2020, the United States declared the COVID-19 pandemic a national emergency. The impact that COVID-19 will have on the Company, our customers and our vendors prospectively depends on numerous uncertainties, including the severity of the pandemic, the duration of the outbreak, and actions which could potentially be taken by governmental and/or regulatory authorities’ and could have an adverse effect on the Company’s business, results of operations, financial condition, and liquidity.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

10.33(d)	Amendment, dated September 21, 2020, to the Uncommitted Line of Credit between the Company, Tidewater Utilities, Inc., White Marsh Environmental Systems, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates, Inc., Utility Service Affiliates (Perth Amboy) Inc., Tidewater Environmental Services, Inc., and Bank of America, N.A.,
10.34	Fourth Amendment to Promissory Note and Supplement, dated as of August 19, 2020, between Tidewater Utilities, Inc. and CoBank, ACB,
31.1	Section 302 Certification by Dennis W. Doll pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.
31.2	Section 302 Certification by A. Bruce O’Connor pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.
32.1	Section 906 Certification by Dennis W. Doll pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.2	Section 906 Certification by A. Bruce O’Connor pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MIDDLESEX WATER COMPANY

By: /s/ A. Bruce O'Connor
A. Bruce O'Connor
Senior Vice President, Treasurer and
Chief Financial Officer
(Principal Accounting Officer)

Date: October 30, 2020

Exhibit 10.33d

Bank of America

AMENDMENT

This Amendment (the "Amendment"), dated as of September 21, 2020, is between Bank of America, N.A., a national banking association (the "Bank") and Middlesex Water Company, a New Jersey corporation, and its subsidiaries, Tidewater Utilities, Inc., a Delaware corporation, White Marsh Environmental Systems, Inc., a Delaware corporation, Pinelands Water Company, a New Jersey corporation, Pinelands Wastewater Company, a New Jersey corporation, Utility Service Affiliates, Inc., a New Jersey corporation, Utility Service Affiliates (Perth Amboy) Inc., a New Jersey corporation, and Tidewater Environmental Services, Inc., a Delaware corporation, as joint and several co-borrowers (parent and subsidiary corporations individually and collectively referred to herein as "Borrower").

RECITALS

A. The Bank and the Borrower entered into a certain Letter Agreement ("Letter Agreement") and Master Promissory Note ("Note"), each dated September 25, 2015, evidencing an uncommitted line of credit in the maximum amount of Twenty Eight Million Dollars ($28,000,000), increased by Amendment dated as of September 19, 2017 to maximum amount Forty Million Dollars ($40,000,000); and increased by Amendment dated as of September 23, 2019 to maximum amount of Sixty Million Dollars ($60,000,000) (The Letter Agreement and the Note as amended and extended from time to time are referred to herein as the "Loan Documents").

B. The Bank and the Borrower desire to amend the Loan Documents to extend the Expiration Date and to address other changes to the Loan Documents.

AGREEMENT

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Loan Documents.

2. Amendments.

(a) The Letter Agreement is hereby amended as follows:

(i) "September 18, 2020" is hereby substituted for "December 17, 2020" in the section entitled "Expiration Date" on page one of the Letter Agreement.

(b) The Note is hereby amended as follows:

(i) "September 18, 2020" in subsection (b) of the second paragraph of the Note is hereby deleted and "December 17, 2020" is substituted in its place.

3. Representations and Warranties. When the Borrower signs this Amendment, the Borrower represents and warrants to the Bank that: (a) there is no event which is, or with notice or lapse of time or both would be, a Notice Event under the Loan Documents, (b) this Amendment does not conflict with any law, agreement, or obligation by which the Borrower is bound, (c) this Amendment is within the Borrower's powers, has been duly authorized, and does not conflict with any of the Borrower's organizational papers, and (d) representations and warranties set forth in the Note are confirmed as of the date hereof.

4. Effect of Amendment. This Amendment is effective as of September 18, 2020. Except as provided in this Amendment, all of the terms and conditions of the Loan Documents shall remain in full force and effect.

5. Counterparts. This Amendment may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

6. FINAL AGREEMENT. BY SIGNING THIS DOCUMENT, EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, (B) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (C) THIS DOCUMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

The parties executed this Amendment as of the date stated at the beginning of this Amendment, intending to create an instrument executed under seal.

BANK OF AMERICA, N.A.

By: /s/ Dilcia P. Hill
Name: Dilcia P. Hill
Title: Senior Vice President

Acknowledged and Agreed:

Middlesex Water Company
By: /s/ A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, Sr. VP,Treasurer & CFO

Tidewater Utilities, Inc.
By: /s/ A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, President

White March Environmental Systems, Inc.
By: /s/ A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, President

Pinelands Wastewater Company
By: /s/ A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, VP & Treasurer

Utility Service Affiliates, Inc.
By: /s/ A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, Treasurer

Utility Service Affiliates (Perth Amboy) Inc.
By: /s/ A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, VP & Treasurer

Tidewater Environmental Services, Inc.
By: /s/ A. Bruce O'Connor
Name/Title: A. Bruce O'Connor, President

Exhibit 10.34

Loan No. RX0024T6D

FOURTH AMENDMENT TO
PROMISSORY NOTE AND SUPPLEMENT
(Revolving Term Loan)

THIS FOURTH AMENDMENT TO PROMISSORY NOTE AND SUPPLEMENT (this "Amendment"), is entered into as of August 19, 2020, between **TIDEWATER UTILITIES, INC**., a Delaware corporation (the "Company"), and **CoBANK, ACB**, a federally chartered instrumentality of the United States ("CoBank").

BACKGROUND

The Company and CoBank are parties to a Promissory Note and Supplement (Revolving Term Loan Supplement) dated as of March 19, 2009, and number RX0024T6, as amended by a First Amendment to Promissory Note and Supplement dated as of August 31, 2011, a Second Amendment to Promissory Note and Supplement dated as of October 15, 2014 and a Third Amendment to Promissory Note and Supplement dated as of March 7, 2017 (collectively, the "Supplement"). The parties now desire to amend the Supplement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. Defined Terms. All capitalized terms used herein and not defined herein shall have the meanings given to those terms in the Supplement or in the "MLA" (as defined in the Supplement).

SECTION 2. Amendments.

(A) Section 3 of the Supplement is hereby amended and restated to read as follows:

SECTION 3. Term. The term of the Commitment shall be from the date hereof, up to and including November 30, 2023, or such later date as CoBank may, in its sole discretion, authorize in writing.

(B) Section 5(A)(2) of the Supplement is hereby amended and restated to read as follows:

(2) Quoted Fixed Rate Option. At a fixed rate per annum to be quoted by CoBank in its sole discretion in each instance (the "Quoted Fixed Rate Option"). Under this option, rates may be fixed on such balances and for such periods (each a "Quoted Fixed Rate Period") as may be agreeable to CoBank in its sole discretion in each instance; provided that: (1) rates may not be fixed for periods of less than 365 days; (2) rates may be fixed on balances of $100,000 or multiples thereof; and (3) the maximum number of balances that may be subject to this option at any one time shall be five (5).

(C) Section 5(A)(3) of the Supplement is hereby amended and restated to read as follows:

(3) LIBOR Option. At a fixed rate per annum equal to LIBOR (as hereinafter defined), plus 1.35%. Under this option: (1) rates may be fixed for Interest Periods (as hereinafter defined) of 1, 2, 3, 6, 12 months, as selected by the Company; (2) amounts may be fixed in an amount not less than $100,000.00; (3) the maximum number of fixes in place at any one time will be five; (4) rates may only be fixed on a Banking Day (as hereinafter defined) on three Banking Days' prior written notice, and (5) no Interest Period will end later than the maturity date of the Commitment as may be extended from time to time. For purposes hereof: (a) "LIBOR" means the higher of: (i) zero percent (0.000%); or (ii) the rate (rounded upward to the nearest 1/100th and adjusted for reserves required on Eurocurrency Liabilities (as hereinafter defined) for banks subject to FRB Regulation D (as hereinafter defined) or required by any other federal law or regulation) reported at 11:00 a.m. London time two Banking Days before the commencement of the Interest Period for the offering of U.S. dollar deposits in the London interbank market for the Interest Period designated by the Company, by Bloomberg Information Services (or any successor or substitute service providing rate quotations comparable to those currently provided by such service, as determined by CoBank from time to time, for the purpose of providing quotations of interest rates applicable to dollar deposits in the London interbank market); (b) "Banking Day" means a day on which CoBank is open for business, dealings in U.S. dollar deposits are being carried out in the London interbank market, and banks are open for business in New York City and London, England; (c) "Interest Period" means a period commencing on the date this option is to take effect and ending on the numerically corresponding day in the month that is 1, 2, 3, 6, 12 months thereafter, as the case may be; provided, however, that: (i) in the event such ending day is not a Banking Day, such period will be extended to the next Banking Day unless such next Banking Day falls in the next calendar month, in which case it will end on the preceding Banking Day; and (ii) if there is no numerically corresponding day in the month, then such period will end on the last Banking Day in the relevant month; (d) "Eurocurrency Liabilities" will have meaning as set forth in FRB Regulation D; and (e) "FRB Regulation D" means Regulation D as promulgated by the Board of Governors of the Federal Reserve System, 12 CFR Part 204, as amended.

(D) Section 5(D) of the Supplement is hereby amended and restated to read as follows:

(D) Additional Provisions Regarding the LIBOR Option. If at any time the generally recognized administrator of interest rates offered for U.S. dollars on the London interbank market (a "LIBOR Rate") ceases to provide quotations for LIBOR Rates, or if such administrator or any person having authority over such administrator or with respect to LIBOR Rates generally announces that LIBOR Rates will cease to be provided within a period not exceeding 90 days, or if CoBank otherwise determines that LIBOR Rates have been, or are likely within a period not exceeding 90 days to be, discontinued, or that LIBOR Rates do not, or are likely within a period not exceeding 90 days not to, adequately and fairly reflect the cost to the CoBank of making or maintaining loans hereunder, then the CoBank may, after consultation with but without the consent of the Company, amend this Promissory Note and Supplement and any other Loan Document to (1) replace any interest rate in this Promissory Note based and Supplement upon the LIBOR Rate with a replacement benchmark rate deemed appropriate by the CoBank in good faith and in its sole discretion, (2) adjust the margins applicable to the determination of interest rates under this Promissory Note and Supplement (whether up or down) as deemed appropriate by CoBank in good faith and in its sole discretion to compensate for differences between the LIBOR Rate and such replacement benchmark rate, and (3) after consultation with but without the consent of the Company, effect such other technical, administrative and operational changes to the Loan Documents as CoBank in good faith and in its sole discretion deems appropriate to reflect the adoption and implementation of such replacement rate. CoBank shall give the Company not less than five days' notice of any such amendment prior to the effective date thereof.

Notwithstanding the foregoing paragraph, if prior to the commencement of any interest period proposed to be subject to a LIBOR Rate, CoBank determines (which determination shall be conclusive and binding absent manifest error) that

(1) either dollar deposits are not being offered to banks in the London interbank market or that adequate and reasonable means do not exist for ascertaining a LIBOR Rate for such interest period; or

(2) a LIBOR Rate for such interest period will not adequately and fairly reflect the cost to CoBank of making or maintaining the loans for such interest period;

then CoBank shall give notice thereof to the Company as promptly as practicable thereafter and, until CoBank notifies the Company that the circumstances giving rise to such notice no longer exist, (a) any request to convert any loan to, or continue any LIBOR Rate loan at, a LIBOR Rate shall be ineffective, and (b) the CoBank shall, after consultation but without the consent of the Company, select an alternate rate of interest to apply to any and all balances upon the expiration of the interest period applicable thereto, which rate of interest shall be commercially reasonable and generally consistent with the then-prevailing market convention, if any, for replacement of a LIBOR Rate in bilateral loan transactions.

SECTION 3. Representations and Warranties.To induce CoBank to enter into this Amendment, the Company represents and warrants that: (A) except for such as have been obtained, are in full force and effect, and are not subject to appeal, no consent, permission, authorization, order or license of any governmental authority or of any party to any agreement to which the Company is a party or by which it or any of its property may be bound or affected, is necessary in connection with the execution, delivery, performance or enforcement of this Amendment; (B) the Company is in compliance with all of the terms of the Loan Documents, and no Default or Event of Default exists; and (C) this Amendment has been duly authorized, executed and delivered by the Company, and creates legal, valid, and binding obligations of the Company which are enforceable in accordance with their terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the rights of creditors generally. Without limiting (B) above, the Company represents and warrants that it is in compliance with all notice provisions of the Loan Documents, including, without limitation, the requirement to notify CoBank of the commencement of material litigation and of certain environmental matters.

SECTION 4. Confirmation. Except as amended by this Amendment, the Supplement shall remain in full force and effect as written.

SECTION 5. **Counterparts and Electronic Delivery**. This Amendment may be executed in counterparts (and by different parties in different counterparts), each of which shall constitute an original, and all of which when taken together shall constitute a single agreement. In addition, this Amendment may be delivered by electronic means.

(Signature page follows)

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized officers as of the date shown above.

CoBANK, ACB

By: /s/ Bryan Ervin
Title: Vice President

TIDEWATER UTILITIES, INC.

By: /s/ A. Bruce O'Connor
Title: President

Exhibit 31.1

**SECTION 302 CERTIFICATION PURSUANT TO RULES 13a-14
AND 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Dennis W. Doll, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Middlesex Water Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have;

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Dennis W. Doll
Dennis W. Doll
Chief Executive Officer

Date: October 30, 2020

Exhibit 31.2

SECTION 302 CERTIFICATION PURSUANT TO RULES 13a-14 AND 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934

I, A. Bruce O’Connor, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Middlesex Water Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have;
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any changes in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ A. Bruce O’Connor
A. Bruce O’Connor
Chief Financial Officer

Date: October 30, 2020

Exhibit 32.1

SECTION 906 CERTIFICATION PURSUANT TO 18 U.S.C. §1350

I, Dennis W. Doll, hereby certify that, to the best of my knowledge, the periodic report being filed herewith containing financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) and that information contained in said periodic report fairly presents, in all material respects, the financial condition and results of operations of Middlesex Water Company for the period covered by said periodic report.

/s/ Dennis W. Doll
Dennis W. Doll
Chief Executive Officer

Date: October 30, 2020

A signed original of this written statement required by Section 906 has been provided to Middlesex Water Company and will be retained by Middlesex Water Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

SECTION 906 CERTIFICATION PURSUANT TO 18 U.S.C. §1350

I, A. Bruce O'Connor, hereby certify that, to the best of my knowledge, the periodic report being filed herewith containing financial statements fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) and that information contained in said periodic report fairly presents, in all material respects, the financial condition and results of operations of Middlesex Water Company for the period covered by said periodic report.

/s/ A. Bruce O'Connor
A. Bruce O'Connor
Chief Financial Officer

Date: October 30, 2020

A signed original of this written statement required by Section 906 has been provided to Middlesex Water Company and will be retained by Middlesex Water Company and furnished to the Securities and Exchange Commission or its staff upon request.